

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6235

BILL NUMBER: HB 1396

NOTE PREPARED: Nov 20, 2006

BILL AMENDED:

SUBJECT: Liability for Inadequate Drainage.

FIRST AUTHOR: Rep. Ruppel

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill imposes liability on a governmental entity or an employee of a governmental entity for a loss that results from gross negligence, willful or wanton misconduct, or intentional misconduct in failing to provide adequate drainage from industrial or commercial sites.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The bill would potentially increase the number of lawsuits filed against governmental entities (defined as the state or a political subdivision of the state) and public employees of governmental entities. If a plaintiff is successful, there could be an increase in the damage awards that the state would have to pay. By statute, damage awards cannot exceed:

- \$300,000 for the injury to, or death of, one person in any single cause of action that accrues before January 1, 2006;
- \$500,000 for the injury to, or death of, one person in any cause of action that accrues on or after January 1, 2006, and before January 1, 2008;
- \$700,000 for the injury to, or death of, one person in any cause of action that accrues on or after January 1, 2008; and
- \$5 M for the injury to, or death of, all persons in that occurrence.

Background Information: The Office of the Attorney General reports the amount of damages paid as a result of all tort claims submitted and tort claim lawsuits filed against the state and by plaintiffs in tort and civil rights litigation. The following table shows the amount of damages paid between CY 2002 and CY 2006.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006*</u>
Damages Paid	\$3,312,183	\$5,573,483	\$4,735,016	\$5,386,094	\$4,754,718
* Through 10/31/2006					

The amount paid includes tort claims paid at the time of claim submission, settlements upon the filing of lawsuits, and settlements paid as a result of a court order. It also includes cases in both federal and state court.

Explanation of State Revenues:

Explanation of Local Expenditures: By allowing a political subdivision or an employee of a political subdivision to be sued under the provisions of this bill, there is a potential for increase in the damages paid in a tort claim action. This bill would also increase expenditures associated with litigation.

Explanation of Local Revenues:

State Agencies Affected: Office of the Attorney General.

Local Agencies Affected: Political subdivisions.

Information Sources: Auditor of the State Account: 1000/500010 Tort Settlements & Judgements.

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